REPORT

OF THE

STATE TREASURER

UPON THE

FINANCES OF PENNSYLVANIA.

Printed by order of the Senate, January 27, 1840.

HARRISBURG:
WILLIAM D. BOAS—PRINTER.
.....
1840.

REPORT, &c.

TREASURY OFFICE OF PENN'A. Jan. 9th, 1840.

Sir,—I herewith transmit to the Senate, a report prepared in obedience to an act entitled "an act requiring the State Treasurer to make a report on the subject of Finance," passed the 16th of March, 1832.

I have the honor to be, with great respect, your obedient serv't.

DAN'L. STURGEON,

State Treasurer.

Hon. WM. T. ROGERS, speaker of the Senate.

To the Senate and House of Representatives of the Commonwealth of Pennsylvania.

GENTLEMEN—In accordance with the provisions of an act of Assembly, passed the 16th of March, 1832, requiring the State Treasurer to make an annual report on the subject of Finance, the following is respectfully submitted.

As on former occasions the State Treasurer has confined the present report to the several subjects more immediately connected with the support of the faith and credit of the State; under a belief that in so doing he would better comply with the spirit of the law under which it is made, respectfully referring the Legislature for detailed exhibits of the financial operation of the government, to the several reports of the Auditor General; the canal commissioners; the commissioners of the internal improvement fund, and the printed report of the State treasurer, under the act of 30th March, 1811.

That the report now submitted may be more readily comprehended, I have caused tabular statements to be made out and appended to it, to which I beg leave to refer under the following heads:

1st. Amount of State debt.

2d. Amount of public property.

3d. Receipts and expenditures of the fiscal year, ending 31st October, 1839.

4th. An estimate of receipts and expenditures of the fiscal year, ending the 31st October, 1840.

5th. Appropriations and balances of appropriations unpaid the 31st October, 1839, with an estimate of the amount likely to be called for during the year, ending 31st of October, 1840.

By referring to statement marked A. you will find that the State debt amounts to $34,141,663 80; being an increase over the debt of last year of $3,966,358 83—much of this arose from the necessity of meeting debts contracted for and unpaid by the late administration.

In accordance with former practice I give also the amount of public property, viz: $33,259,085 28. This item under the head of public property is composed of Bank, Turnpike road, Rail road, Canal navigation and Bridge stock, to which is added the appropriations to our public works: much of these stocks, as well as appropriation, will never be available to the commonwealth in the form of revenue, and hence will not go far to balance our State debt. The loan of the 26th January, 1839, amounting to $1,200,000, was negociated and applied as follows: $220,000 to pay the loan per act of 30th March, 1824, and $610,530 00 was applied to pay a temporary loan made to pay interest on the 1st February, 1839. The balance was applied to pay deficiencies in the appropriations under the act of 14th April, 1838, and to deficiency in the Internal improvement fund.

The loan per act of the 9th of February, 1839, for $1,280,000 was also negociated and applied as directed in the act of assembly, except $380,000, which was applicable to the Frankstown breach. Owing to the manner of the expenditure of the money in repairing said breach, the Auditor General found it impossible to audit said account without further Legislative action; of the above sum, part is on deposit in the Girard Bank, and part in the Bank of Harrisburg.

The loan of the 27th March, 1839, for $470.000 was also procured and $380,000 applied to the redemption of the stock certificate of the loan of 30th March, 1824, and $90,000 to the stock certificate of the loan of 1st May, 1829.

By act of 27th June, 1839, the executive was authorized to procure a loan of $1,150,000, to meet the payment of temporary loans of 1836 and 1838 amounting to $1,000,000, and a stock loan of 11th March, 1825, payable the 1st January, 1840, amounting to $150,000.

By a provision of the above act, the holders of the certificates of temporary loans had the option of converting them into permanent certificates. The holders of the above certificates availed themselves of this provison, and took permanent certificates of loan to the amount of $837,500 00; the balance of the above $1,000,000, viz. $162,500 has not been adjusted, the holders not availing themselves of the above provision, the balance of the loan, viz. $150,000 is on deposite in the Bank of the United States to meet the payment on the 1st January, 1840.

By the 4th section of the above act the Executive was authorized to borrow any sum that might be necessary to meet any deficiency in the Internal Improvement fund, to pay interest on the 1st of August last, under this section $220,000 was borrowed and remains unpaid. The temporary loan of $150.000 to pay debts due on the Gettysburg rail road has not been negociated.

The loan per act of 19th July, 1839, was also negociated, and $1,200,000 was placed to the credit of the Treasury in the Bank of the United States and the Berks County Bank. The balance of the above amount, with the sums on deposite in the Girard Bank and the Harrisburg Bank, and other small balances in the treasury makes up the amount on hand on the 31st October, 1839, viz. $1,337,170 64

of the said balance there is applicable to construction and repairs of canals and rail roads $1,280,000, leaving $57,170 64 to be applied to ordinary treasury purposes.

The receipts on canal and rail road tolls, including motive power, were estimated in the last report are $1,250,000, they fell short of this amount, about $150,000 owing no doubt to the depression in the money market, and the consequent failure in doing the business that was expected during the last fall navigation. The other items of revenue have generally sustained the estimate, and some of them have exceeded it. I have this year estimated the tolls to amount to $1,300,000, including motive power, I am induced to believe, that the amount will be realized notwithstanding the present derangement in our monetary affairs. The Ohio and Pennsylvania cross cut canal to Akron, will be in active operation in the spring; this it is anticipated will throw much additional freight on our main line. The canal to tide will also be open for navigation, which by giving an outlet for the coal and other products of the branches will add to our receipts, this item will rather exceed, than fall below the estimate. The other items of receipts on table marked B being carefully compared with the receipts of former years, I am induced to believe will be sustained; except bank dividends and tax on bank dividends, on these two last items it is impossible to speak with certainty, and depends alone on the resumption of specie payments by the banks, if no resumption takes place, the law precludes the banks from declaring dividends, and hence no tax will be received, acting on this view of the subject, and in accordance as he believed with the provision of the 20th article of the 2nd section of the act of 1824, the state treasurer refused to receive the dividend declared in November last, and those declared in May, were required to be paid in specie, in accordance with the act of 27th January, 1819, this may effect the estimate to the amount of $200,000, increasing the deficit to that amount.

By referring to statement, marked C, you will find that in making the estimate for the year ending the 31st October, 1840, the ordinary payments exceed the ordinary revenue $1,015,887 97, which deficit as above stated may amount to $200,000 more on the contingency of the banks not resuming; in this deficit is not included any sum for repairs, nor for any other objects connected with the improvement system.

With an annual deficit of $1,000,000 and upwards in the ordinary receipts and expenditures, it is time the Legislature should pause and examine how it is to be met. The idea of borrowing this amount from year to year, thereby yearly adding to the deficiency, I hope will not be entertained for one moment, the policy would be ruinous to individuals, it will be ruinous to the state.

Our public debt is now above $34,000,000 about $30,000,000 of which is bearing interest at 5 per cent. this would require annually $1,500,000 to pay interest to which must be added $500,000, for annual repairs, and $100,000 for collectors and lock-keepers making $2,100,000, to meet this the tolls exclusive of motive power has

never been above $850,000, but say the tolls for the succeeding year will amount to $1,100,000, which is above the amount I have thought safe to estimate them, the deficiency will be $1,000,000; if this amount is to be met by taxation, it will be proper that I should under the act of assembly requiring this report, suggest some proper objects on which said tax should rest. I said in a former report, that it was a well known fact that the agricultural portion of the community sustains the whole of the expense for county purposes, and that justice, equity, and sound policy would say, that they should bear none of this burden. The tax in many of the counties, for county purposes, amounts to half a cent on the dollar. We have in this state in bank, turnpike roads and bridges, loan companies and insurance companies stock to the amount of seventy millions of dollars, and in monies or interests on bonds, mortgages and other securities estimated to amount to fifty millions, bearing an interest of at least 5 per cent. making in the aggregate, $120,000,000, this as a tax of 2 mills in the dollar (less than one half that landed property now bears) would amount annually to $300,000, and could be collected, as far as stocks are concerned through the agency of the companies without expense to the state. I would also recommend the repeal of that part of the tax on retailers licences, which confines it to the sale of foreign merchandize, which instead of yielding as now from $60 to $70,000, would yield from $120 to $140,000 increase say $60,000; on tavern licenses I would recommend an increase of fifty per cent. which would give an increased amount of $50,000. I would also suggest the propriety of levying a tax in the form of commissions, and a per centage on the amount of sales in all brokerage and exchange offices, to the extent of their ability to pay, from which I believe, $75 to $80,000 could be raised, and if there was a failure to raise a revenue, it might have the wholesome effect of abating the nuisance. I would also recommend a tax on pleasure carriages from which $20 to $25,000 could be raised, thus

Tax on Stocks, Bonds, &c.	$300,000	
Retailers foreign merchandize,	60,000	
Tavern licenses,	50,000	
Brokers, &c.	80,000	
Pleasure carriages,	20,000	
		$510,000

In this mode, I believe a tax of $510,000 could be realized without adding to the burdens of the producing community, and although, our yearly deficit is about $1,000,000, yet with the annexed annual income, and the anticipated hope that our canal and rail road tolls may from year to year increase, I would be disposed to rest at present. I think that with due regard to economy, which I fondly hope will prevail in the legislature for some years to come; and with this annual extra addition to our means, that we may extricate ourselves from our present unfortunate financial difficulties. If such is not the case, I have so much confidence in the patriotism of the people that they will submit to any reasonable imposition of tax, rather than see the

public credit violated. Very heavy additional annual expenditures have been added to the former payments of the treasury within the last three or four years, without providing any means to meet them. The most prominent are the appropriations to common schools, to colleges, academies and female seminaries. Our pension list is increasing I believe far beyond its original intention of relieving the care worn soldier; the judiciary has increased far beyond former years; and our local appropriations have become enormous, to this add the great increase in the expenses of the legislative department of the government; these matters ought to engage the most scrutinizing examination of the legislature.

There are a set of claims arising out of our improvement system, which bid fair to be very onerous, and these claims are thrown for payment on our exhausted and enfeebled treasury; I allude to the claims made by contractors on our public works, for grievances either real or imagined, it destroys the whole force and effect of competition in bidding for contracts, because the contractor cares not how low he takes the contract, provided he has some assurance that the legislature will remunerate him, and which he has strong assurance they will do, from the legislation of the last few years on this subject.

If the legislature will refer to an act, passed the 6th of April, 1830, hey will be convinced, that it contains ample provision to meet any case of real grievance.

The legislature will have to provide immediate means, to meet the payment of interest on the 1st of February next, which will require something more than $600,000. There is also $220,000 borrowed, to pay a deficiency in the interest, in August last, which is payable on the 1st of March next, and will also have to be provided for.

For the amount necessary to meet the repairs for the ensuing year, permit me to refer you to the report of the Canal Commissioners. The report of the internal improvement fund will inform you of the deficiency in said fund, to meet the interest on the public debt.

All of which is respectfully submitted,

Yours respectfully,

DANIEL STURGEON,

State Treasurer.

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THE PUBLIC DEBT AND PUBLIC PROPERTY.

Public Debt.

Loans not pertaining to canals and rail roads,	$1,080,000 00
Loan for Eastern Penitentiary per act 21st March, 1831,	120,000 00
Loan for Union canal company 1st March, 1833,	200,000 00
Loan for Franklin rail road company, per act of 16th March, 1839,	100,000 00

Loan for Pennsylvania and Ohio canal company, per act 7th June, 1839,	50,000 00
Temporary loan per act 27th March, 1839,	220,000 00
Debts due by appropriations to miscellaneous objects,	1,360,145 70
Debts pertaining to public improvements by canals and rail roads,	28,144,003 32
Debts due United States account surplus revenue,	2,867,514 78
	$34,141,663 80

PUBLIC PROPERTY.

Bank stock,	$2,108,700 00
Turnpike and bridge stock,	2,821,215 88
Canal and navigation stock,	602,579 91
Rail road stock,	327,368 93
The public works, canals, rail roads and bridges connected therewith,	26,399,220 56
To which may be added moneys due on lands, say	1,000,000 00
	$33,259,085 28

RECEIPTS AND EXPENDITURES.

STATEMENT A—*Receipts for* 1839.

Temporary loan per 3d section, act of 14th April 1838,	125,000 00	
Permanent " " act of 26th January, 1839,	$1,200,000 00	
Temporary " " act of 30th January, 1839,	602,250 00	
Permanent " " act of 9th February, 1839,	1,280,000 00	
Temporary " " act of 14th March, 1839,	75,000 00	
Permanent " " act of 16th March, 1839, for Franklin rail road company,	100,000 00	
Permanent loan per act of 27th March 1839,	470,000 00	
Temporary " "	220,000 00	
Permanent loan per act of 7th June, 1839, for Pennsylvania and Ohio canal company,	50,000 00	
Permanent loan per act 27th June, 1839,	987,500 00	
Part of " " act 19th July, 1839,	1,200,000 00	
		$6,309,750 00

Canal Tolls,	534,741 50	
Rail Road Tolls,	287,039 08	
Motive Power,	254,264 89	
		$1,076,045 47
Auction Commissions,		17,169 74
Auction Duties,		84,558 87
Collateral Inheritance,		35,908 78
County Rates and Levies,		9,210 63
Tax on Personal Property,		8,993 93
Dividends on Bank Stock,		166,079 50
Dividends on Turnpikes, Bridges and Navigation Stock,		41,017 70
Fees of the Secretary's office,		730 73
" Auditor General's office,		56 56
Hawkers and Pedler's Licenses,		3,925 15
Land and Land office Fees,		46,594 95
Militia and Exempt fines,		822 16
Pamphlet laws		270 85
Tax on Bank Dividends,		133,440 78
Tax on certain offices,		2,882 90
Tax on Writs, &c.		26,652 56
Tavern Licenses,		49,027 77
Retailers Licenses,		68,202 97
Tin and Clock pedlers licenses,		370 50
Tax on Loan companies,		2,240 00
Escheats,		3,020 24
Dickinson College lands,		476 89
Colonial Records,		1,310 55
Old debts and miscellaneous,		14,579 11
Premiums on Loans,		2,087 50
" Bank Charters,		103,875 03
		$8,209,301 55
Balance on hand 31st October, 1838,		99,359 30
		$8,308,660 85

Payments for 1839.

Permanent Loan per act of 7th December, 1829,	90,000 000
Permanent Loan per act of 30th March, 1824,	600,000 000
Temporary loan per act of 16th June, 1836.	200,000 00
Temporary loan per act of 14th April, 1838,	437,500 00
Temporary loan per 3d section, act of 14th April, 1838,	200,000 00
Temporary loan per act of 30th January, 1839,	602,250 08

Temporary loan per act of 14th March, 1839,	75,000 00	
		$2,204,750 08
Internal Improvement Fund, viz:		
For Canal and Rail road purposes,	1,787,025 22	
To pay interest,	1,152,638 31	
To pay toll collectors, lock keepers &c.,	70,000 60	
To pay expenses of motive Power,	254,264 89	
		$3,263,929 02
Expenses of government,		412,751 63
Militia Expenses,		25,981 17
Turnpike roads,		38,618 00
State roads,		19,550 00
Bridges,		56,201 30
Rail road, canal companies, &c.,		222,384 25
Pensions and gratuities,		53,588 74
Education, viz:		
Common Schools,	316,404 92	
Colleges, Academies, &c.,	68,848 22	
		$385,253 14
House of Refuge,		5,000 00
Interest on loans not pertaining to canals and rail roads,		143,371 93
Penitentiaries, viz:		
Eastern,	18,514 76	
Western,	12,311 78	
		30,826 54
Convicts and fugitives,		2,202 83
Convention to propose amendments to the Constitution of Pennsylvania,		49,661 31
Geological survey,		15,991 27
State Library,		2,361 00
Premiums on silk,		568 44
Colonial records,		3,657 91
Escheats,		316 45
State buildings,		6,421 52
Pay of troops called into service by proclamation of Joseph Ritner, in December, 1838.		5,000 00
Miscellaneous,		23,103 68
		$6,971,490 21
Balance on hand, 31st October, 1839,		1,337,170 64
		$8,308,660 85

ESTIMATED RECEIPTS AND EXPENDITURES.

STATEMENT B.

Estimate of receipts and payments, at the Treasury of Pennsylvania, for the year ending, 31st October, 1840.

RECEIPTS.

Loan per act of 19th July, 1839,		854,000 00
Canal Tolls,	675,000 0	
Rail road tolls,	350,000 00	
Motive power,	275,000 00	
		1,300,000 00
Auction commissions,		14,000 00
Auction duties,		80,000 00
Collateral inheritances,		25,000 00
Dividends on Bank Stock,		160,000 00
Dividends on Turnpike, bridge and navigation stock,		40,000 00
Hawkers and Pedlers licenses,		4,000 00
Land and land office fees.		50,000 00
Fees of the secretary's office,		2,500 00
" Auditor Generals office,		75, 00
Pamphlet laws,		300 00
Tax on Bank dividends,		120,000 00
Tax on certain offices,		5,000 00
Tax on writs, &c.,		25,000 00
Tavern licenses.		50,000 00
Retailers licenses,		70,000 00
Tin and clock pedlers licenses,		400 00
Tax on loan companies,		2,000 00
Colonial records.		2,000 00
Premiums on Bank charters,		100,000 00
Old debts and miscellaneous,		10,000 00
		$2,914,275 00
Balance on hand, 31st October, 1839,		1,337,170 64
		$4,251,445 64

PAYMENTS.

Loan per act of 11th April, 1825,	$150,000 00	
" " 27th March, 1839,	220,000 00	
		$370,000 00
Balance of appropriations for internal improvement purposes,	2,042,078 16	
Expenses of motive power,	275,000 00	
To pay interest, salaries of toll collectors, lock-keepers, &c.	1,370,000 00	
		$3,687,078 16

Turnpike roads, state roads and bridges,		25,020 90
Expenses of government,		320,000 00
Convention, &c.		15,000 00
Militia expenses,		25,000 00
Pensions and gratuities,		50,000 00
Common schools,		400,000 00
Colleges, academies, &c.		55,000 00
House of Refuge,		5,000 00
Interest on loans not pertaining to canals and rail roads,		90,000 00
Eastern penitentiary,	16,000 00	
Western penitentiary,	7,500 00	
		23,500 00
Convicts and fugitives,		2,500 00
Geological survey,		16,000 00
Colonial records,		3,500 00
Premiums on silk,		2,500 00
Pay of troops called into service by proclamation of Governor Ritner in December 1838,		40,000 00
Deficiency relative to the payment of interest on public loans per resolution of 2d July, 1839,		80,000 00
Miscellaneous,		57,234 55
		$5,267,333 61
Deduct amount of estimated receipts,		4,251,445 64
Deficit,		$1,015,887 97

STATEMENT C.

Appropriations and balances of appropriations unpaid 1st November, 1839, with an estimate of the amount likely to be called for during the year 1840.

Turnpike Roads.

	Appropriations.	Estimate of, and likely to be called for.
Downingtown, Ephrata and Harrisburg,	62 39	
Huntingdon, Cambria and Indiana,	2,025 95	2,025 95
Washington and Pittsburg,	33 67	
Chambersburg and Bedford,	118 22	
Harrisburg and Millerstown,	300 50	
Little Conestoga,	22 04	
Derrstown and Northumberland,	4,607 50	
Bald Eagle, Nittany Brush and Penns Valley,	1,600 00	1,600 00

	Appropriations.	Estimate of, and likely to be called for.
Willowgrove and Hartsville,	3,200 00	3,200 00
Birmingham and Elizabethtown,	4,000 00	4,000 0
Luthersburg and Punxatawny,	4,000 00	4,000 00
Warren and Ridgeway,	2,382 45	2,382 45
	$22,352 72	$17,208 40

STATE ROADS.

Columbia bridge to York,	800 00	800 00

BRIDGES.

Juniata bridge,	1,000 00	
Columbia bridge,	54,012 50	4,012 50
Shenango bridge,	3,000 00	3,000 00
	$58,012 50	$7,012 50

COLLEGES, ACADEMIES, &c.

Deaf and Dumb institution,	40,231 41	9,000 00
Pennsylvania institution for the blind,	9,000 00	9,000 00
Brookville academy,	2,000 00	2,000 00
Colleges, academies, and seminaries under act of 12th April, 1838,	411,006 30	45,000 00
	$462,237 71	$55,000 00

COMMON SCHOOLS.

Balance of former years,	293,642 69	
Appropriation for the ensuing year,	343,536 00	400,000 00
	$636,978 69	

PENITENTIARIES.

Eastern penitentiary, salaries of officers,	16,000 00	16,000 00
Western " balance of old appropriation,	114 98	
Do. " Salaries of officers,	7,500 00	7,500 00
	$23,614 98	$23,500 00

MISCELLANEOUS.

Repairing and painting public buildings per resolution of 4th April, 1833, and 22d May, 1839,	2,302 49	2,302 49
Guarantee of interest to Bald Eagle and Spring Creek navigation company,	10,000 00	10,000 00
" " Tioga navigation company,	7,500 00	
Opening State street from the state capitol to the canal,	132 06	132 06
House of Refuge,	5,000 00	5,000 00
Danville and Pottsville rail road company, guarantee of interest,	15,000 00	15,000 00
Monongahela navigation company per act of 14th, April, 1838,	20,000 00	10,000 00
Orphans' asylum of Pittsburg per act of 14th February, 1838,	9,000 00	1,000 00
" " of Lancaster per act of 4th April, 1838,	9,000 00	1,000 00
Pittsburg Hospital per act of 4th of April, 1838,	25,000 00	
Geological survey per acts of 1836–'7–'8,	27,508 73	16,000 00
West Chester rail road company per act of 16th April, 1838,	18,177 97	7,000 00
Passyunk powder magazine,	1,061 07	
Repairs of the Philadelphia arsenal,	303 78	
" Meadville arsenal,	363 00	
Building addition to the auditor general's office, &c. per act of 25th June, 1839,	3,800 00	3,800 00
Improvement of the public ground per resolution of 22d May, 1839,	2,000 00	2,000 00
	$156,149 10	$73,234 55

RECAPITULATION.

Turnpike roads,	22,352 72
State roads,	800 00
Bridges,	58,012 50
Colleges, academies, &c.	462,237 71
Common schools,	536,978 69
Penitentiaries,	23,614 98
Miscellaneous,	156,149 10
	$1,360,145 70